WHITE HOUSE CONFERENCE ON SMALL BUSINESS, H.R. 5298

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

WASHINGTON, D.C., APRIL 3, 1984

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE
33-886 O WASHINGTON : 1984

H721-15

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WHITE HOUSE CONFERENCE ON SMALL BUSINESS, H.R. 5298

TUESDAY, APRIL 3, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The committee met, pursuant to notice, at 9 a.m., in room 2359-A, Rayburn House Office Building, Hon. Parren J. Mitchell (chairman of the committee) presiding.

OPENING STATEMENT OF CHAIRMAN MITCHELL

Mr. MITCHELL. Good morning. The hearing will come to order.

This morning we are taking testimony on H.R. 5298 which was introduced by myself, Mr. McDade and 24 other members of the committee.

This bill is patterned after the highly successful 1980 White House Conference. That conference began with some 30,000 participants at 57 State and regional meetings and culminated in a Washington conference attended by 1,700 delegates.

The bill provides for the President to convene a White House Conference on Small Business between January 1, 1985, and September 1, 1986. The purpose of the conference is: To identify the problems of small business; to examine the status of minorities and women as small business owners; and to develop specific and comprehensive recommendations for executive and legislative action to maintain and encourage the economic viability of small business and job creation by this sector of the economy.

There would be a series of State and regional meetings to develop issues and elect delegates to the National Conference. In addition to the elected delegates, the President would select 100 delegates and each Senator, Member of Congress, and Governor would appoint one delegate to the National Conference.

The Small Business Administration would assist in organizing and providing background materials for the conference. The bill authorizes the appropriation of such sums as are necessary. Based upon the expense of the 1980 conference, we estimate the cost to be about $5 million.

Within 6 months from the National Conference, a report would be submitted to Congress and the President. Also, for the next 3 years, SBA annually would report to Congress on the status of the implementation of the recommendations.

I want to just indicate that I think this committee did extraordinarily well in implementing the recommendations that came out of

the 1980 White House Conference. It is my distinct impression that all representations which fell within the purview of this committee have been acted on. As you well know, some of the recommendations would have to be implemented by the Ways and Means Committee and other committees, but I think in general they have done well.

Mr. Stenholm, do you have any statement this morning?

Mr. STENHOLM. No, thank you, Mr. Chairman.

Mr. MITCHELL. If not, the first witness is Frank Swain, SBA Chief Counsel for Advocacy. It is a pleasure to see you, sir.

TESTIMONY OF FRANK SWAIN, CHIEF COUNSEL FOR ADVOCACY, SMALL BUSINESS ADMINISTRATION

Mr. SWAIN. Thank you, Mr. Chairman. It is a pleasure to be here this morning on this important subject. I appreciate the opportunity to appear at this hearing and congratulate you and other cosponsors of our resolution for your interest in this subject.

SBA Administrator Sanders, who is unable to appear at this hearing, has asked me to convey his views and interest in this subject.

I prefer to summarize, Mr. Chairman, if you don't mind.

Mr. MITCHELL. Fine. Your statement will be entered in the record.

Mr. SWAIN. Thank you, Mr. Chairman.

The 1980 White House Conference on Small Business was an important event for Federal small business policy. The discussions and meetings across the country and finally here in Washington brought diverse small business groups together to discover and suggest solutions to their common concerns with Federal Government policies and programs. The result has been an impressive series of changes in Federal statutes and regulations and, I believe, a more fundamental change in our Government's appreciation of small business contributions to this Nation.

Small business no longer—if it ever did—defines its success in the size of SBA budgets or the breadth of new programs. The small business owner in 1980 told Washington that fundamental changes in tax and regulatory policy were the underpinnings of a strong small business sector. My statement alludes to several changes that have been made particularly in the tax area. The change in individual corporate tax rates is significant, the implementation of simplified depreciation, the major changes in Federal estate tax laws. They were all recommendations among the top of those made by small business in 1980.

It is interesting in reviewing the 1980 recommendations small business was perhaps more prophetic than some of us. It recommended reform of the social security system which Congress accomplished last year. In the regulatory area, the conference recommended enactment of the Regulatory Flexibility Act and Equal Access to Justice Act, both of which your opening remarks alluded to. This committee had a major role in seeing those laws enacted in 1980.

We have continued to try to implement the statutes to the best of our ability. I might note for the committee's attention that the

Equal Access to Justice Act does need to be reauthorized this year. Hearings were held about 2 weeks ago in front of the House Judiciary Committee, and I am hopeful that the House will act expeditiously on this statute to reauthorize it and make it as strong as possible. There has been significant regulatory reform since the 1980 White House Conference, including reform of both substantive regulations and also procedures and paperwork.

I think there has been significant progress on procurement. As you know, Mr. Chairman, the White House Conference in 1980 specifically called for enactment of a Small Business Innovation Business Development Act, and it goes without saying that but for the very significant efforts of you and your committee colleagues, that proposal would not be law and not a very effective program today. Further changes in procurement and contracting out and increased goals and objectives for minority procurement grew out of the conference and out of legislative and administration action to implement those proposals. Suffice it to say, Mr. Chairman, I think there has been major work in response to the White House Conference in 1980. There is, to be sure, an unfinished agenda. Discussion and debate continues on conference proposals for enactment of a legislative veto and broadened minimum wage exemptions, to name but a few. This committee's current efforts in H.R. 2133 directly reflect the White House Conference recommendations from 4 years ago for a better breakout of procurement to increase involvement of small businesses in procurements.

These subjects are complex, but also have continued importance to the small business community. Every part of Government has the responsibility to listen to small business. By the same token, the small business community has the responsibility to speak up on relevant issues concerning governmental policy. The 1980 conference energized the small business community and they have continued to participate in the processes. This administration will continue its commitment to promote policies that result in a growing economy for our Nation's entrepreneurs.

[Mr. Swain's prepared statement follows:]

PREPARED STATEMENT OF FRANK S. SWAIN, CHIEF COUNSEL FOR ADVOCACY, SMALL BUSINESS ADMINISTRATION

Mr. Chairman, I appreciate the opportunity to appear at this hearing. SBA Administrator Sanders, who is unable to appear at this hearing, has asked me to convey his views and interest in this subject. The 1980 White House Conference was an important event for Federal small business policy. The discussions and meetings across the country and finally here in Washington brought diverse small business groups together to discover and suggest solutions to their common concerns with Federal government policies and programs. The result has been an impressive series of changes in Federal statutes and regulations, and, I believe, a more fundamental change in our government's appreciation of small business contributions to this nation.

Small business no longer—if it ever did—defines its sucess in the size of SBA budget or the breadth of new "programs." The small business owner, in 1980, told Washington that fundamental changes in tax and regulatory policy were the underpinning of a strong small business sector.

In the area of tax, the reforms initiated by President Reagan have covered nearly the entire agenda developed by the delegates in 1980. Corporate and personal tax rates were reduced by the 1981 Economic Recovery Tax Act. Since most small businesses file taxes as individuals, the reduction of the maximum rate and the overall rate reductions are probably the most important small business provisions. Additionally, 1981 changes in the Federal estate tax laws ease the tax burdens on family

owned businesses and encourage the continuity of family-ownership. It will be important to ensure that these important small business changes are fully implemented.

A third tax priority of the 1980 White House Conference was to simplify and increase the benefits of depreciation provisions of the tax law. The 1981 tax act, later modified by the 1982 Tax Equity and Fiscal Responsibility Act, made important changes in the direction suggested by the Conference recommendations.

In 1980 the small business delegates called for reform of the Social Security System to move the system toward actuarial soundness by broadening contributions to include public employees and by holding steady on the payroll tax base and rate. Much of this was accomplished through the work of the President's Social Security Commission and the quick action by the Congress on those recommendations.

In the regulatory area two important legislative reforms quickly followed the Conference—the Regulatory Flexibility Act and the Equal Access to Justice Act which have created a new awareness of small business issues on the part of Federal regulators. As my recent report on implementation of the Regulatory Flexibility Act indicates, the Act has made a difference for small business—driving agencies to consider and adopt better regulatory alternatives for small business. Similarly the Equal Access to Justice Act has served as a brake on unjustified government enforcement actions against small business. The Act needs to be re-authorized this year and some provisions clarified if we are to assure the full regulatory reform benefit anticipated by the delegates to the 1980 Conference and by the Congress that enacted the law. My March 14 testimony before the House Judiciary Committee details areas of needed action.

The small business regulatory reform impetus has produced other important initiatives as well. The Paperwork Reduction Act passed in 1980 has produced important reduction in small business paperwork burdens. Following the Office of Advocacy paperwork hearings, the Office of Management and Budget has announced plans to extend the reach of the paperwork reduction effort to achieve 10 percent cuts in procurement related paperwork.

There have been many specific regulatory reductions since 1980 that were not targeted by the White House Conference. These reductions have been documented by the Vice President's Task Force on Regulatory Relief. One specific problem mentioned by the White House Conference, the Davis-Bacon Act, has been the subject of significant regulatory revision by the Department of Labor.

In the area of procurement reform there have been several important accomplishments. In 1982, the Congress approved and President Reagan signed the Small Business Innovation Development Act, Public Law 97-219, another important priority of the 1980 conference. Since its enactment this law has resulted in over 760 research and development awards to small business innovators, worth nearly $44.5 million. In fiscal year 1984, total awards should rise to $110 million.

In August 1983 the Office of Management and Budget issued major revisions of Federal rules regarding "contracting out," making clear a preference for a private sector supply of goods and services. This OMB Circular A-76 also directs elimination of bias in favor of non-profit organizations that was inherent in the prior guidelines.

On December 17, 1982, President Reagan established increased goals for procurement from minority business enterprises and ordered agencies to procure $15 billion in goods and services from minority businesses during fiscal years 1983-85. Preliminary reports show federal agencies well on the way toward meeting that challenge.

There is, to be sure, an unfinished agenda from 1980 discussion and debate continues on the conference proposals for enactment of a regulatory legislative veto, broadened minimum wage exemptions, and a small business participating debenture. This Committee's efforts on H.R. 2133 directly reflect the White House Conference recommendation for better breakout of procurement to increase the involvement of small business in competitive procurement. These subjects are often tremendously complex but also of continued importance to the small business community.

Every part of government, federal, state and local, has a responsibility to listen to small business. By the same token the small business community has a responsibility to speak up on relevant issues concerning governmental policy. The 1980 Conference energized the small business community and they have continued to actively participate in the governmental processes. This Administration will continue its commitment to promote policies which result in a growing economy with real opportunity for our nation's entrepreneurs.

I would be happy to answer any questions the Committee may have.

Mr. MITCHELL. Thank you very much. I am glad you alluded to the herculean struggle we had to go through to get the Research and Innovation Act passed. We are facing the same situation now with H.R. 2133 where there is unthought-through opposition to the legislation, but we will pass it.

I don't have any questions, but I will just indicate I think in this election year we will find consensus for this in Mr. Mondale, Mr. Reagan, maybe Mr. Jackson, and certainly Mr. Hart, which is a refreshing climate in which to work.

Are there any questions from the committee?

If not, thank you very much. We will need your help on H.R. 2133, of course.

Mr. SWAIN. Yes, sir.

Mr. MITCHELL. I am publicly soliciting it now, the help of the SBA.

Mr. SWAIN. Thank you.

Mr. MITCHELL. Next is Jared Blum, chairman of the Small Business Legislative Council, and I thank you for your expression of condolences about the loss of my brother; Herbert Liebenson, president of the National Small Business Association; and Mel Boldt, vice president for issues, Small Business United.

Thank you for taking your time to be with us this morning. All the members have received copies of your testimony, and I would suggest that we simply indicate that the entire testimony be submitted for the record, and if you could summarize your testimony, that would be very helpful.

TESTIMONY OF HERBERT LIEBENSON, PRESIDENT, NATIONAL SMALL BUSINESS ASSOCIATION, AND EXECUTIVE DIRECTOR, SMALL BUSINESS LEGISLATIVE COUNCIL

Mr. LIEBENSON. I am Herbert Liebenson, president of the National Small Business Association. I am also executive director of the Small Business Legislative Council, which consists of 83 national trade associations representing 4½ million small firms.

On behalf of the National Small Business Association, we take great pleasure in supporting the bipartisan bill introduced by Chairman Mitchell and Mr. McDade. On September 21, 1983, the executive committee and the full board of trustees of the National Small Business Association, approved a resolution supporting reconvening such a conference, a copy of that resolution being attached to the statement.

Since 1980 many things have happened in your committee. We believe there is a need to reexamine priorities of 1980. To determine whether or not new priorities need to be established that will secure and establish the future for small business and create an atmosphere for those men and women who may wish to establish a business of their own.

In the 57 regional meetings that were held prior to the National Conference, many people were in attendance who came to the meetings seeking basic information on how to start a business, where financing might be obtained, how to obtain a Government contract, or information on exporting.

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Much of the time of the conference was taken up by people simply seeking information about small business. We would like to recommend that the SBA or the other governmental agencies involved with such conference establish booths, if you please, where specialists in particular areas could answer questions on a one-to-one basis rather than taking the time of the conference to take up issues that are not really of concern to the entire conference. These are all personal in nature and they should be answered on a personal basis.

There is one situation I remember in Texas where a gentleman stood up and talked for 15 to 20 minutes to 800 people about a tax issue. The tax issue had been passed and signed into law 6 months before, and there was just no way of stopping him, and I personally felt that it was a waste of time of the other 799 delegates in that room. So by establishing some forum to answer questions, they will not become part of the conference and will not take the time of the other conference delegates.

There are several new areas we would like to see become part of that conference. Basically our concern is with the increasing concentration of capital. That concentration is happening in fewer and fewer institutions; and there is a need to address the question of how best to direct capital into the business community and how this affects the ability of smaller firms to organize and survive.

Several weeks ago when you had hearings relating to interest rates and the effect deficits have on interest rates, one of the witnesses talked about $1 trillion plus 15 to 20 percent growth in pension fund assets. He also stated, I think, that by 1985, about half of the corporate securities would be owned by mutual funds and he also gave other statistics that indicated there would be future growth of these trusts and ownership of corporate securities. I had heard mention from other people that by the year 2000 that they expect to have something like $3 trillion in pension assets. Well, since most of that 75 percent is going into the purchases of these securities, in firms on the New York Stock Exchange, very little comes back to the small business community even though a lot of that capital is generated by the small business community. I would hope that other committees of Congress and this conference address that very, very important issue.

In the 1980 conference I felt that there was not enough opportunity for the individual delegates to get to know the issues. Therefore, this suggests the possibility of a group of miniconferences that could possibly be held in various congressional districts. It gives the delegates an opportunity to know the procedures. They might then go on to a regional conference and then come to a national conference. But at least it gives them the experience to go beyond their normal activity. They get to know in some depth what the issues are pending before the conference and can address themselves to that.

Another White House Conference on Small Business, 5 or 6 years after the last one, seems essential. It would lend a sense of continuity to small business participations in decisions being made by Congress and the administrative agencies that affect the well-being and stability of our Nation's small business community.

Thank you.

[Mr. Liebenson's prepared statement follows:]

PREPARED STATEMENT OF HERBERT LIEBENSON, PRESIDENT, NATIONAL SMALL BUSINESS ASSOCIATION, AND EXECUTIVE DIRECTOR, SMALL BUSINESS LEGISLATIVE COUNCIL

Good morning Mr. Chairman and distinguished members of the Committee. My name is Herbert Liebenson. I am President of the National Small Business Association (NSB) and Executive Director of the Small Business Legislative Council (SBLC).

The National Small Business Association is a private membership organization representing all lines of industry in all parts of the country. The Small Business Legislative Council includes 82 national trade associations representing 4½ million firms.

On behalf of the National Small Business Association, I take great pleasure in supporting the bipartisan bill introduced by Chairman Mitchell and Mr. McDade. The Ranking Minority Member of the Committee, that would authorize the reconvening of a White House Conference on Small Business, not earlier than 1985 and not later than September 1, 1986.

On September 21, 1983, the Executive Committee and full Board of Trustees of the National Small Business Association approved a similar resolution that supports reconvening such a Conference. I am attaching a copy of that resolution for the record.

I believe we can all agree that the White House Conference in 1980 was a great success. Few, if any, of the almost 1,700 delegates left Washington without a sense of accomplishment. I'm sure they felt that they had participated in a valuable process which would serve as a guide for an agenda for legislative issues that would help alert Congress to problems that might be acted upon in the immediate future.

Since that time, there has been great instability in our economy—especially for small business. We believe there is now a need to re-examine the priorities of 1980 and to determine if those recommendations are still valid and whether new priorities need to be established that would help to secure and strengthen the future for small business, and to create an atmosphere for those men and women who wish to establish a business of their own.

In the 57 state and regional meetings, held prior to the culmination of the National Conference, many people were in attendance who came to the meetings seeking basic information on how to start a small business and where financing might be obtained. Other questions were raised on issues such as management problems—how to obtain a government contract and where to go for information on exporting. Such problems could have been resolved by services which were then, as are now, being provided by the Small Business Administration or other governmental agencies.

We believe that considerable time was taken by individuals, in various breakout sessions, who might have received information on problems that had already been dealt with and on programs that had already been enacted. In one case, a participant spoke of the need to change a provision in the tax law. He spoke for over fifteen minutes to 800 people, not knowing the provision he wanted to amend had been signed into law six months earlier. We would, therefore, suggest that SBA or other governmental agencies provide personnel to answer questions that might otherwise take up time of others in the plenary or breakout sessions. Special booths might be provided so that the governmental or other specialists might answer questions on a one-to-one basis rather than utilizing the time of others who might have constructive input on specific issues being discussed. Each participant could be given a pamphlet describing the type of expertise at each booth.

Since the 1980 White House Conference, many state and regional small business organizations have been established—basically, to deal with economic issues within their particular geographical areas. In cases where organizations were established through the Governor's office, informaton might be utilized in seeking advance input on the policy issues they have already agreed upon after their many months of meetings and discussions.

We are probably going through the most critical industrial revolution in the history of our country. Evidence has shown that the small business community must supply jobs, or retrain skilled people to adjust to industrial change and to encourage the establishment of new businesses through financing innovation and technology transfer to which the Congress addressed itself in the past two years.

Today, as a result of the 1980 White House Conference, and legislation passed as a result of that Conference, we have considerably better data on small business and we can discuss issues more intelligently as they relate to providing jobs, government

contracts, etc., and we are better able to direct our attention to where the problems exist. Among the most important areas we must review is the need for a long-range plan for growth in our economy—not only as it relates to domestic policy—but it is essential that we now look at world trade and finance as a major factor in the well-being of our small business community. We must broaden our scope on many new issues, or at least re-adjust our priorities in order that we not be caught short in the solving of problems we see down the road. We see a need for a major study on the increasing concentration of capital in fewer financial institutions and to address the problem of how best to direct capital into the business community and how this affects the ability of smaller firms to organize and survive.

In your draft legislation you have indicated that state and regional conferences be opened to all small business representatives who wish to participate. We fully agree with this approach. I believe that the 57 preparatory meetings of the 1980 Conference did not reach a great number of small business people who were unable to leave their place of business, or who found that the distance to the meeting place prohibited their attendance.

In the planning for the new Conference, consideration might be given to areas that had not been reached before, and to possibly have a series of mini-conferences from, perhaps, some time in the late afternoon until evening, or on a Saturday, for those who can only give part of a day to this activity.

In consideration of the projected huge deficit, we believe the registration fee for these preparatory meetings should be increased so there would be less dependence on government financing. I don't believe a $25 or $30 registration fee would deter attendance.

Another White House Conference on Small Business within five or six years after the last Conference seems essential. It would lend a sense of continuity to small business participation in the decisions being made by Congress and the administrative agencies that affect the well-being and stability of our nation's small business community.

Thank you for the opportunity to present our views and support enactment of the bill to authorize another White House Conference on Small Business.

[Attachment]

NATIONAL SMALL BUSINESS ASSOCIATION RESOLUTION OF THE EXECUTIVE COMMITTEE AS APPROVED BY FULL BOARD, SEPTEMBER 21, 1983

RESOLUTION ON RECONVENING OF WHITE HOUSE CONFERENCE ON SMALL BUSINESS

By 1985, five years will have elapsed since the White House Conference on Small Business. Many of the issues considered at that time have been successfully addressed and others have arisen. Adequate time has elapsed to consider and evaluate both short and long-term national policies as they relate to small business.

Therefore, be it resolved:

1. There should be a White House Conference on Small Business in 1985 or early 1986 with broad-based delegate representation to recommend short and long-range national policies as they affect small business.

2. An independent bipartisan commission should be established to now set up the procedures leading up to the Conference, providing at least 18 months lead time prior to this Conference.

3. The commission should initially obtain thoughtful input to establish a conceptual framework for consideration by the delegates.

Be it further resolved:

That the Board of Trustees of the National Small Business Association wholeheartedly supports the aims of the Resolution and offers assistance in the planning and implementation of the Conference.

Mr. MITCHELL. Thank you very much.

We will hear from our other witnesses first. If it is all right, then, we will put questions to all three of you.

Please.

TESTIMONY OF MEL BOLDT, PRESIDENT, MEL BOLDT & ASSOCIATES, INC., AND PRESIDENT, INDEPENDENT BUSINESS ASSOCIATION OF ILLINOIS

Mr. BOLDT. Good morning. I am Mel Boldt. I am the vice president for issues for Small Business United, a coalition of State and regional small business organizations.

I am also president of the Independent Business Association of Illinois, a group of small businessmen and women organized by delegates coming from Illinois who attended the 1980 Conference. In real life I own and operate a contract manufacturing company outside the city of Chicago.

Mr. Chairman, I unequivocally and wholeheartedly endorse your bill authorizing another White House Conference on Small Business. As a participant in the first White House Conference, I feel that it was a success any way you look at it. Some 30,000 plus business people got to input to their government; a small business agenda was established; and 60 priority recommendations were made. Of those, I understand some 38 have been implemented, at least in part.

The event was a watershed in the small business movement. The small business people realized that their Government did care, No. 1, about their problems and, No. 2, since that conference many of them have come to realize that we can influence the public policies that are set by our Government. I think these are very important messages that should be reinforced once again.

Maybe more importantly, the conference made small business people aware of how important they truly are to the American economy. They provide almost half the GNP, and better than half of all new jobs are attributable to small business. At the time of the conference we were talking about small business creating some 60 to 70 percent. There was a lot of discussion as to what percentage increase was appropriate. But in the President's report to the Congress, it is indicated that in the period 1981-82 all of the net new jobs created in this economy were created by small businesses with under 20 employees. While these businesses were creating 2.6 million new jobs, the larger companies—those with over 100 employees—were losing 1.66 million jobs.

So by educating the small business community to how important they really are, they, in fact, have done a tremendous job. When you look at the 15 million small businesses, if each one hired one more employee, there would not be enough unemployed to go around.

I think the purpose of this new conference should be to find what rules have to be changed, what should be done differently to allow us small small business people to hire that one more employee. I think the program that you have laid out would be very effective. I think it is key that we go out to the grass roots small business community. We have to go out in every State and give every small businessman and woman an opportunity to input to this conference. I think it is important that these be followed up by regional meetings so these people, can prioritize these issues.

As far as the cost, I think $5 million is probably fairly accurate. I understand the last conference cost about $4 million, and with in-

flation since then, to do the same kind of a job, I think that is a number we have to look at.

I think the spring or summer of 1986 would be the earliest that such a conference could be held because the timing and logistics to mount such an effort would require that much time. We don't want to do something that would be an embarrassment to all of us.

One suggestion made in the hearings before the Senate on a companion bill was that a commission be established with a highly visible chairman to act as a buffer between the conference personnel and politicians in the White House and the Congress. I think small businessmen need that buffer. I think that summarizes my testimony. Thank you.

[Mr. Boldt's prepared statement follows:]

PREPARED STATEMENT OF MEL BOLDT, PRESIDENT, MEL BOLDT & ASSOCIATES, INC., AND PRESIDENT, INDEPENDENT BUSINESS ASSOCIATION OF ILLINOIS

My name is Mel Boldt. I am Vice President of Issues for Small Business United (SBU) a consortium of state and regional grass roots small business associations having approximately 60,000 me nbers. I am also President of my own small business, Mel Boldt and Associates, inc. headquartered in Mount Prospect, Illinois. And I am President of the Independent Business Association of Illinois (IBAIL).

Mr. Chairman, on behalf of SBU, I wish to unequivocally and wholeheartedly endorse your effort to authorize another White House Conference on Small Business. The 1980 Conference was an overwhelming success because it established a national federal issues agenda for small business. It was an agenda, I might add, that caused all of the national small business organizations to adopt most, if not all, of the Conference priority items as issues of their own. As a result, an overwhelming majority of those 60 recommendations have been acted upon by the Congress over the last three years. It is now time to refocus, and to reexamine those remaining issues. More importantly, it is time to determine what are the burning new small business issues of the day and what are the proposed solutions to those problems.

SBU strongly urges the next conference be patterned after the format of the 1980 conference which means preliminary conferences should be held in each of the 50 states with followup regional conferences where appropriate.

Only if 30,000 to 50,000 people are involved in this conference as were involved in the first White House Conference will we be assured of hammering out a thorough laundry list of issues that speak to the concerns of independent companies of all types and sizes. It also guarantees the full involvement of the private sector which is an issue, Mr. Chairman, you raised in your letter of invitation.

Is $5 million an appropriate authorization number? We believe it is. Such an authorization level would provide the necessary funds to cover the expense of 50 state meetings, and any necessary regional meetings, as well as the one national meeting. It would also permit the research and development of background issue papers which was done in preparation for the 1978-79 state and regional conferences. It is our understanding $4 million was actually appropriated for the 1980 White House Conference and that approximately $500,000 of that amount was returned to the Treasury at the conference's conclusion. Given that costs have risen appreciably since 1978 when the Congress appropriated funds for the 1980 conference, $5 million would thus appear to be an ideal authorization and appropriation level.

As to a date, we strongly urge the national conference be held in Washington in the spring or summer of 1986. Convening it next year makes it difficult, if not impossible, to plan and hold 50 state conferences which we consider an indispensable element of the White House Conference process. Above all, we do not want a conference that is hurriedly called and convened because it will ultimately embarrass all persons associated with such an endeavor. We want a first class product that we can all be proud of or no conference at all.

A recommendation was made during hearings last week on the Senate companion measure to this bill, S. 2487, which we would like to endorse and that is a provision should be included in the bill providing for a commission headed by a chairman. The 1980 White House Conference on Small Business had such a commission which served as a highly effective buffer between the conference staff and the White House. There is a natural tendency to interject a certain element of politics into the

process from the perspective of any administration. The commission having a strong, highly visible chairman will hopefully serve to "depoliticize" the conference.

Before closing, Mr. Chairman, I want to note the most important development of the last White House Conference was small business for the first time found its "voice" in an organized sense. Small business owners who never before were actively involved in governmental processes have now discovered they collectively can make a difference, that public policy can be shaped so it is more responsive to the entrepreneurial sector. A 1986 conference will serve to once again reenergize the small business community. As a result we can expect conscientious men and women business owners to champion new, innovative ideas as they did following the 1980 Conference. As examples, equal access to justice, paperwork reduction, regulatory flexibility, small business innovation awards, small business and university patent reform, small business economic policy, small business investment incentives and small business capital formation tax incentives were all enacted as a direct result of the 1980 Conference.

Thank you for the opportunity to appear. We hope the Committee will report this landmark measure in the very near future.

Mr. MITCHELL. Thank you very much.

TESTIMONY OF JARED O. BLUM, CHAIRMAN, SMALL BUSINESS LEGISLATIVE COUNCIL

Mr. BLUM. I am Jared Blum. I serve as chairman of the Small Business Legislative Council which I understand my colleague, Mr. Liebenson, has gone into some depth as to who we are. In my real role, the one for which I earn my daily bread, I serve as vice president and general counsel for the Direct Selling Association.

As chairman of the Small Business Legislative Council, I am pleased that this committee has taken the initiative to call for another National White House Conference on Small Business. We welcome the opportunity to review the position of small business in a national forum which such a conference provides.

In 1980 the Small Business Legislative Council undertook a deliberate and thorough effort to become completely involved in the process of preparing for the conference of that year. Moreover, we strongly encouraged our members associations to follow our example, with the result that a good many of the delegates to that conference represented groups which belonged to the SBLC. The success of our efforts and the numbers of delegates supported by SBLC members groups should underscore our commitment and belief in the need for a national dialog on the issues which affect our sector of the economy.

Mr. Chairman, I don't want to repeat what others have said, but I want to go through the highlights of my statement here. We have examined the 40-some issues which the SBLC reviewed in its history, and we have reviewed the most important concerns in six topical areas: Antitrust: Preservation of the Robinson-Patman Act and vigorous enforcement of antitrust statutes by Federal agencies; Banking: Preservation of access to local capital markets by small business; Government procurement: Fair competition for small firms with large companies in the access of Government procurement contracts; and International trade: Fair treatment and access to competition for small companies who wish to export their products—I would remind this committee that 80 percent of all exports are controlled by less than 100 companies in this country; Pension and labor: Restoration of the rights of small companies affected by both single and multiemployer pension plans; and last but not

least, Tax policy: Fair treatment for small firms under the Tax Code.

Taken together, these topics represent the most important concerns of the small business community as reflected by the desires of our membership.

I would like to reiterate that the last 4 years for the small business community, since the last conference at least, have been of tremendous turmoil. I think progress has been made due to conference suggestions in 1980. There is much work to be done. I think the status of the capital markets in particular and the thrashing around of the interest rates has caused a particular dilemma for small business. Perhaps we might want to focus the conference in 1985 or 1986—whenever it takes place—on enhancing the ability of the small business person to take advantage of existing capital.

I would yield back the balance of my time, Mr. Chairman, and thank you for your patience.

[Mr. Blum's prepared statement follows:]

PREPARED STATEMENT OF JARED O. BLUM, CHAIRMAN, SMALL BUSINESS LEGISLATIVE COUNCIL

Good morning Mr. Chairman, I am Jared O. Blum, Vice President and Legal Counsel of the Direct Selling Association. I am appearing here today in my capacity as Chairman of the Small Business Legislative Council, a coalition of 82 trade and professional associations whose combined membership of approximately 4.5 million represents primarily small business firms.

As Chairman of the Small Business Legislative Council I am pleased that this Committee is taking the initiative to call for another National White House Conference on Small Business. We welcome the opportunity to review the position of small business in a national forum which such a Conference provides.

In 1980 the Small Business Legislative Council undertook a deliberate and thorough effort to become completely involved in the process of preparing for the Conference of that year. Moreover, we strongly encouraged our member associations to follow our example, with the result that a good many of the delegates to that Conference represented groups which belonged to the SBLC. The success of our efforts, and the numbers of delegates supported by SBLC member groups, should underscore our commitment and belief in the need for a national dialogue on the issues which affect our sector of the economy.

The 1980 Conference provided a tremendous service to small business not only by focusing national attention on our needs, but also by providing an agenda for the future. The policy recommendations which that Conference developed are no less valid today than they were four years ago. The 1980 statements on tax and capital formation, regulatory reform, women and minorities in business . . . to name a few . . . have helped shape the legislative debate during the last four years. Perhaps even more importantly, these statements have helped to shape the legislative agenda of groups like the SBLC who represent the interests of the small business community.

During the past 6-8 months the leadership of the Small Business Legislative Council has undertaken a rather introspective process of choosing priorities for our organization. We have examined the 40 plus issues which SBLC has addressed during its seven year history, and we have refined our positions to reflect our most important concerns in six topical areas. These areas include:

Antitrust.—Preservation of the Robinson-Patman Act and vigorous enforcement of antitrust statues by Federal agencies.

Banking.—Preservation of access to local capital markets by small business.

Government Procurement.—Fair competition for small firms with large companies in the access of government procurement contracts.

International Trade.—Fair treatment and access to competition for small companies who wish to export their products.

Pension and Labor.—Restoration of the rights of small companies affected by both single and multi-employer pension plans.

Last but not least,

Tax Policy.—Fair treatment for small firms under the tax code.

Taken together, these topics respresent the most important concerns of the small business community as reflected by the desires of our membership. We have created special Committees on each of these subjects, and we are giving our members an opportunity to work together on the subjects which most affect their industries and their constituencies.

What strikes me as most significant about this process is the similarity which our priority issues bear to the priority concerns outlined during the 1980 Conference. This similarity was not intended, but on the other hand I do not believe that it was altogether accidental either. The real lesson we have learned, I suspect, is that the small business community reflected by our SBLC membership feels that we have much unfinished business to address. The 1980 Conference was not an end unto itself. That Conference was important in that it helped small business in America to identify its needs. What needs to be done now is to assess where we stand . . . how far have we come? What needs to be done next?

While the leadership of the Small Business Legislative Council has proven that one segment of small business can address these questions, it would be far more potent and forceful if all of small business would participate in the same process. We believe that this can only be done properly under the same conditions which prompted the dialogue in the first place. Another National Conference on Small Business under the imprimatur of White House leadership is essential if we are to maintain our momentum and preserve our gains. Speaking for the Small Business Legislative Council, we welcome the opportunity to reexamine our needs and assess our progress.

Mr. MITCHELL. You have learned your lessons well, haven't you?

Thank you very much, gentlemen. You have made excellent recommendations. I am constantly troubled by what amounts to almost the exclusion of small business in export-import. That is one problem that has to be addressed. I would take this time to say that I am increasingly concerned about the corporate megamergers that are taking place. What is the impact of all of this on the small business of this Nation?

I just don't really have any questions. I just thank you for your recommendations. Mr. Liebenson, in regard to your concern about those taking 15 minutes or so in the meeting to address dead issues and unreal issues, I am sure the conference will try to safeguard against that. But we have to remember there are always some frustrated thespians and former elocutionists who feel they have an audience and they want to demonstrate their talents and abilities.

Thank you very much, gentlemen. Are there questions from the members of the committee?

Mr. DAUB. Mr. Chairman, if I might ask that you accept into the record the statement on behalf of our ranking member, Mr. Joseph McDade.

Mr. MITCHELL. Without objection, it is accepted for the record.

[Mr. McDade's opening statement follows:]

OPENING STATEMENT OF HON. JOSEPH M. MCDADE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

I am pleased to join you in this hearing this morning on H.R. 5298 which requires that the President reconvene a White House Conference on Small Business before September 1, 1986.

This White House Conference, as before, will be preceded by State and regional conferences to allow small business owners and operators to directly participate and recommend areas where they believe legislation and administrative actions can be helpful.

The results of the 1980 Conference were very successful. However, during the last four years changing economic conditions, not only in the United States, but, indeed, the entire world, have strongly affected small businesses. It would seem timely to again allow the small business community a forum whereby their concerns and needs can be conveyed to the executive and legislative branches of our government.

I thank our witnesses for coming today and I look forward to their testimony.

Mr. DAUB. I request that my statement be accepted for the record.

Mr. MITCHELL. In similar fashion, it is accepted.

[Mr. Daub's opening statement follows:]

OPENING STATEMENT OF HON. HAL DAUB, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. Chairman, the next White House Conference on Small Business looks to be an event we can all look forward to with great anticipation. As we all know, small business accounts for 95 percent of this Nation's business and almost 40 percent of our gross national product. Small business represents 85 percent of all construction, 82 percent of all services and 72 percent of all retailing. Seldom do we in Congress have such an opportunity to provide for the input and exchange of ideas from such a cross section of Americans as that who will be represented at the next White House Conference on Small Business. His hearing today, on H.R. 5298, is but the embryonic stage of a process likely to result in the broadest possible input to identify key issues and concerns of all small business men and women . . . and it is indeed a privilege to participate in such a promising endeavor. To the extent that we can provide for an environment which tolerates diversity of opinions, and yet provides a structure for specific recommendations to evolve from an atmosphere of creativity and freedom, I think we will all feel a certain satisfaction.

With that, Mr. Chairman, I look forward to listening to the testimony this morning and compliment you on beginning this most important process. I'm certain that what will result will be a new and optimistic national policy for small business in America.

Mr. DAUB. I have one question for the panel.

Mr. MITCHELL. Sure.

Mr. DAUB. I would like to know if you think there should be any attempt to be sure that we get small businessmen and women as delegates to this conference? I attended the 1980 White House Conference, and there was an interesting debate, "Why are you here? You are not a small business person."

Mr. LIEBENSON. As you can understand, there is a great deal of interest by the accounting firms, especially the big eight. We had reached a point, at least the accounting profession reached a point, where the big eight had pretty well captured all the major corporations, and they saw a whole new market among the medium sized and small companies. I have seen one figure that there were about 3,600 observers at the conference and I have the feeling that most of them were either accounting firms or legal firms that were seeking new business.

I agree, there should be a way to determine that each of the individuals coming are legitimate small business people. This, I think, is done and should be done at the local level before they become delegates because once they come to a national conference, it is too late to try to identify them. I know some of the people coming were lawyers that did represent small business firms and in one sense, because of their expertise, they were legitimately there. A lot of the philosophy expressed in effect where those organizations had a dual purpose. They represented small business and also represented large business firms. Much of that policy was determined by the organizations positions which was dominated by the larger companies.

Mr. DAUB. Do either one of you care to comment?

Mr. BOLDT. I would disagree to a certain extent. I am not such a purist. I think you run into the question of what is a small busi-

ness and to me it is any operation that doesn't have enough lawyers and accountants on its staff to go one-on-one with the Government. Where do you draw that line?

And to have a handful of people that are interested enough in small business and small business people and their problems to devote their time to this, I wouldn't care where their input came from. I think the vast majority of delegates would be small business people, and a smattering of others I don't think would affect it.

Mr. DAUB. Mr. Blum?

Mr. BLUM. I would only add that I think the balance is appropriate as in the past. I think having some representatives not being qualified as "small business people" would be helpful, especially in the resource area. When we get to discussions and you have breakout sessions, it was useful to have individuals who had a little background as to what has been done.

In addition, for those who have been State legislators who sit on this panel, having State legislators attend is also helpful because there are experiments being done in and around the various States on programs to help small business that could be extrapolated into a Federal program. They would be helpful to the attendees.

Mr. LIEBENSON. One other comment. What does disturb me, and I make mention of this in my statement, is the fact that there are 800 or 900 duly elected delegates that did not show.

Mr. DAUB. That is correct. I recall that.

Mr. LIEBENSON. Up front everyone was told they would have to pay their own way. Everybody knew it, and yet they were unable to show. I didn't feel that there was as much participation by the people as there should have been.

Mr. DAUB. Thank you, Mr. Chairman. It is a good bill. I look forward to markup. I appreciate the panelists' testimony this morning in support of the issue.

Mr. MITCHELL. Other questions?

Mr. SMITH of Iowa. I just want to say I really appreciate the testimony. I think the idea of making sure that the Small Business Administration have some people maybe in another room to answer some questions is very interesting.

But I wanted to cover something you just now mentioned. They were erroneously informed that they would have to pay their own way. The House position all the way through over all kinds of opposition was that money would be available so there would be a ticket for anybody that couldn't pay their own way. But people were opposed to that, and they erroneously informed them. I think it is important that we be willing to pay anybody's way who wants to file for reimbursement. It is a crucial thing, I think, to really getting small business involved.

The other thing I wanted to mention was that last time there was an attempt to try to limit participation at local levels early on, and your organizations can certainly help to make sure that we get plenty of people to attend the State and regional conferences.

For example, in Los Angeles they tried to limit the size of the room and just notify a certain number of people so as to not let other people know there was a meeting going on. We want to be sure we get wide participation at that level.

Mr. LIEBENSON. I remember your original bill, Mr. Smith, and you did provide for payment for delegates that otherwise would not have been able to afford it.

One other thing bothered me last time and that was the fact that in the initial local conferences a horrible mistake was made by the administration at that time of trying to make them political forums.

I remember in the Houston meeting when the publications relations person for the White House was the major speaker. A number of us objected to the fact that he had used everybody's time and effort to make a political speech for his particular party. A number of us walked out and complained to the White House, and the people that were running the conference. Also, introduction of candidates or the introduction of members of the President's family certainly has no place in a small business conference. I hope there would be some protections against that in the future because we felt that they almost destroyed the total purpose of the conference by bringing politics into these meetings.

Mr. MITCHELL. Other comments?

Mr. Bedell?

Mr. BEDELL. Thank you, Mr. Chairman.

First of all, I want to commend you for your statement and for your help. For the record, though, is it correct that all three of your organizations support this legislation?

Mr. BLUM. That is correct.

Mr. LIEBENSON. Yes, that is correct.

Mr. BOLDT. That is correct.

Mr. MITCHELL. Mr. Bilirakis?

Mr. BILIRAKIS. I have a very brief opening statement that I would like to have inserted in the record.

Mr. MITCHELL. Without objection, it will be done.

[Mr. Bilirakis' opening statement follows:]

OPENING STATEMENT OF HON. MICHAEL BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I am delighted that we are moving so expeditiously on the legislation which would authorize a National White House Conference on Small Business. It has been four years since the last Conference was held and I believe, in view of our ever changing economic picture, it is high time we again examine the state of small business, and assess the progress of the recommendations of the 1980 Conference.

I am particularly supportive of the Conference because it will bring together the grass roots—the men and women who are in business and acutely aware of what needs to be done to provide an environment in which small business can thrive. The 1980 Conference brought together more than 30,000 small businessmen and women in the open forums, and over 1,700 delegates to the final Conference held here in Washington.

President Carter, in his 1978 message announcing the first White House Conference, stated that small business was traditionally the sector of the economy where expansion of industry and job development go hand-in-hand and that small business was the essence of our free enterprise system.

Six years have passed since that Carter Message; however, one thing has remained constant during this period, and that is the importance of small business to our economy.

Thank you, Mr. Chairman.

Mr. BILIRAKIS. I commend you for initiating the idea of the White House Small Business Conference to be held within the next

couple years. I am pleased to have been an original cosponsor of that. Mr. Boldt—I think made the suggestion of a makeup of a nonpartisan commission, buffer commission. Who would ascertain the makeup of that commission?

Mr. BOLDT. I think the key would be to find a chairman who is respected by the small business community and allow him to select a spectrum of people that would represent each geographical area. Maybe there should be a representative on that commission from each of the ten regional areas.

Mr. BILIRAKIS. Who would find the chairman? Would you see Congress doing that? Would you see the small business community doing that?

Mr. BOLDT. If the White House were to call the conference, I think they should have the privilege of appointing with the consent of the Congress.

Mr. MITCHELL. Would you yield for just a moment?

Mr. BILIRAKIS. Yes, sir, I would yield.

Mr. MITCHELL. Obviously, this is a very flexible area, but I certainly think that because this conference will be initiated by legislative action of the Congress, there ought to be some input to the White House if that is the pattern you are going to follow, with reference to who would chair that commission.

Mr. BOLDT. That certainly would be acceptable.

Mr. LIEBENSON. I certainly think that a panel of individuals that they can select from could be submitted to the small business committees.

Mr. BILIRAKIS. Just one final point, Mr. Chairman.

Mr. Liebenson, I believe, mentioned pension fund dollars that are not being used in the best way possible and how they might benefit the small business community. I for one have felt that there is something there we should have looked at for a long time. I would like to sort of endorse that idea and hope our small business committee might be willing to look into it. Thank you very much.

Mr. MITCHELL. Sure.

Other comments or questions? If not, gentlemen, thank you very much. I really appreciate your taking the time to be here. We will move full steam ahead expeditiously.

I would ask the members of the committee to stay for just a moment.

Tom, will you run through the next couple days in terms of scheduling and then when he is done, I have one other comment I want to make.

Mr. POWERS. This concludes today's committee business. Tomorrow at 9 a.m. we have hearings on small business development center legislation, and at 1 p.m. we will markup the SBDC bill, today's White House Conference bill, and also an amendment to the committee rules to enlarge the size of the subcommittee No. 1 by one member to accommodate assignment of Mr. Hayes, who is our newest committee member.

Mr. MITCHELL. I would hope all the committee members could make all those sessions.

Let me also take just a moment to indicate where we are with reference to our bill, H.R. 2133. As you know, that bill was passed out of the committee almost unanimously—I think there was one

dissenting vote on that. Now, it appears that attempts are being made to generate opposition to the bill. Mr. Bedell and I have been working very closely with the Speaker, the leadership, and the other committee chairmen. It is a good bill. Our committee went through it thoroughly. Mr. Bedell's subcommittee worked on it exhaustively, and we have the same kind of fight on our hands that we had with the innovation and research bill. There is just no reason why we will permit or countenance these excessive prices demonstrated by the Department of Defense which in part reflect the exclusion of small businesses. So we urge your continued support on it. You did vote for it when it came out of committee. Let's all gird up our loins for a good tough fight and pass our bill.

Mr. DAUB. Would you yield, Mr. Chairman?

Mr. MITCHELL. I would yield.

Mr. DAUB. Having cast the only no vote on that bill, I call to your attention a provision which I will continue to object to, and that is the labor surplus provision of the bill and until it is stricken, I intend to work hard against the bill. No one has talked to me about working out an accommodation in that regard, but I am most open to that avenue.

Mr. MITCHELL. Obviously, we will strive to work out an accommodation. It might be that we have one already worked out.

Mr. DAUB. I appreciate that.

Mr. MITCHELL. With that one dissenting vote, let's gird up our loins and charge into the fray and pass our bill.

Mr. BEDELL. I think it is fair to say that the effort we are engaged in and the effort to stop this bill does not come from the labor surplus issue. That is an issue which I believe needs to be properly debated on the floor and voted on but in all fairness, the problem we are having is from other areas.

Mr. MITCHELL. Thank you very much, gentlemen.

We will see you tomorrow morning at 9.

[Whereupon, at 9:42 a.m. the committee adjourned, to reconvene at 9 a.m., Wednesday, April 4, 1984.]

APPENDIXES

APPENDIX A

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

RICHARD L. BREAULT
GROUP VICE PRESIDENT, POLICY

April 4, 1984

1615 H STREET, N.W.
WASHINGTON, D.C. 20062
202/463-5417

The Honorable Parren J. Mitchell
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the U.S. Chamber of Commerce, composed of over 200,000 members of which most are small businesses, I commend your efforts to call attention to the small business community and to assist this community in setting a legislative and political agenda for the 1980's.

By introducing H.R. 5298, the "White House Conference on Small Business Authorization Act," you and Mr. McDade have sent a strong message to the country that you are committed to further small business growth and development.

The 1980 White House Conference on Small Business acted as a catalyst to unite the small business community. For the first time, small businesses were able to focus on common concerns and begin to realize their great political strength. Much has been accomplished as a result of that Conference and its recommendations, but the job is far from complete. However, it is our hope that a 1985-86 White House Conference would reflect the progress made during the last four years by the small business community.

In 1980, the government's assistance and input was integral to the success of the White House Conference on Small Business, from the first regional meetings through publication of the final report. The small business community could not have achieved what it did without significant public-sector input.

Today, the government still plays a necessary role as advocate for small business. A White House Conference could further reinforce national awareness of small businesses' contributions in employment, productivity, innovation, research and development. Just as important, it could continue to foster the political and economic self-awareness that the small business community needs to take its concerns and its strengths to the country unassisted in the future.

However, I strongly urge those planning the conference, including Congress through its appropriations process, to bear in mind the foremost concern of the small business community -- runaway federal spending and the federal budget deficit. We hope that conference coordinators will not lose sight of the qualities necessary to any successful small business: high quality, maximum efficiency, and an eye to the bottom line.

For this reason, I would encourage Congress to direct conference planners to tap the resources of the private sector whenever possible. The organized small business community has matured considerably since 1980, and should be a valuable source of knowledge and assistance. Certainly, we at the Chamber will contribute in any way we can.

Indications are that, gradually, small business is coming into its own. For example, in June of this year, the U.S. Chamber is joining with other national small business organizations to sponsor the 1984 Small Business National Issues Conference. We hope this private-sector effort will be able to provide an information base of small business policy priorities that will be extremely useful background for a future White House Conference on Small Business. We urge 1985-86 Conference coordinators to take advantage of this information.

In closing, we firmly believe the day is approaching when a White House Conference to draw attention to the needs and concerns of small businesses and their tremendous contribution to our society will not be necessary. As the small business community learns more and more to rely on its own resources and to speak for itself, the government's role should diminish accordingly.

In the meantime, we commend you for taking this initiative on behalf of small business, and look forward to working with you and your Committee on the details of this White House Conference on Small Business proposal.

I respectfully request that these comments be included in the hearing record.

Sincerely,

Richard L. Breault

Richard L. Breault

cc: Committee Members
Major L. Clark, III
Christine A. Russell

Union Calendar No. 371

98TH CONGRESS
2D SESSION

H. R. 5298

[Report No. 98–652]

To provide for a White House Conference on Small Business.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1984

Mr. MITCHELL (for himself, Mr. MCDADE, Mr. SMITH of Iowa, Mr. ADDABBO, Mr. LAFALCE, Mr. BEDELL, Mr. NOWAK, Mr. STENHOLM, Mr. MAZZOLI, Mr. MAVROULES, Mr. SAVAGE, Mr. ROEMER, Mr. TORRES, Mr. VANDERGRIFF, Mr. COOPER, Mr. OLIN, Mr. BRITT, Mr. RAY, Mr. HAYES, Mr. CONTE, Mr. BROOMFIELD, Mr. WEBER, Mr. DAUB, Mr. ROTH, Mr. BOEHLERT, and Mr. BILIRAKIS) introduced the following bill; which was referred to the Committee on Small Business

APRIL 5, 1984

Additional sponsors: Mr. CONYERS, Mr. CORRADA, Mr. D'AMOURS, Mr. DYMALLY, Mr. EVANS of Illinois, Mr. FAUNTROY, Mr. FRANK, Mr. FROST, Mr. KINDNESS, Mr. LELAND, Mr. LEVIN of Michigan, Mr. LEWIS of Florida, Mr. MCKERNAN, Mr. MINETA, Mr. MOODY, Mr. MURPHY, Mr. PATMAN, Mr. RATCHFORD, Mr. RIDGE, Mr. SCHEUER, Mr. SIMON, Mr. SMITH of Florida, Mr. STUDDS, Mr. TOWNS, Mr. UDALL, Mr. WEISS, Mr. WON PAT, and Mr. WORTLEY

APRIL 5, 1984

Reported with amendments, committed to the Committee of the Whole House of the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To provide for a White House Conference on Small Business.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "White House Conference on Small Business Authorization Act".

AUTHORIZATION OF CONFERENCE

SEC. 2. (a) The President shall call and conduct a National White House Conference on Small Business (hereinafter referred to as the "Conference") not earlier than January 1, 1985, and not later than September 1, 1986, to carry out the purposes described in section 3 of this Act. ~~The Conference also shall consist of State conferences, and such regional conferences, as may be appropriate.~~ *The Conference shall be preceded by State and regional conferences with at least one such conference being held in each State.*

(b) Participants in the Conference and other interested individuals and organizations, are authorized to conduct conferences and other activities at the State and regional levels prior to the date of the Conference, subject to the approval of the Administrator of the Small Business Administration, and shall direct such conferences and activities toward the consideration of the purposes of the Conference described in section 3 of this Act in order to prepare for the National Conference.

PURPOSE OF CONFERENCE

SEC. 3. The purpose of the Conference shall be to increase public awareness of the essential contribution of small

business; to identify the problems of small business; to examine the status of minorities and women as small business owners; to assist small business in carrying out its role as the Nation's job creator; to *assemble small businesses to* develop such specific and comprehensive recommendations for executive and legislative action as may be appropriate for maintaining and encouraging the economic viability of small business and, thereby, the Nation; and to review the status of recommendations adopted at the 1980 White House Conference on Small Business.

CONFERENCE PARTICIPANTS

SEC. 4. (a) In order to carry out the purposes specified in section 3 of this Act, the Conference shall bring together individuals concerned with issues relating to small business: *Provided,* That no small business concern representative may be denied admission to any State or regional ~~meeting~~ *conference,* nor may any fee or charge be imposed on any small business concern representative except ~~a minimal amount to cover the cost of any meal provided to such representative.~~ *an amount to cover the cost of any meal provided to such representative plus a registration fee of not to exceed $10.*

(b) Delegates, including alternates, to the National Conference shall be elected by participants at the State and regional conferences: *Provided,* That each Governor and each chief executive official of the political subdivisions enumer-

ated in section 4(a) of the Small Business Act may appoint one delegate and one alternate: *Provided further,* That each Member of the United States House of Representatives, including each Delegate, and each Member of the United States Senate may ~~designate~~ *appoint* one delegate and one alternate: *And provided further,* That the President may ~~designate one hundred delegates and alternates.~~ *appoint one hundred delegates and alternates. Only individuals from small businesses shall be eligible for appointment pursuant to this subsection.*

PLANNING AND ADMINISTRATION OF CONFERENCE

SEC. 5. (a) All Federal departments, agencies, and instrumentalities are authorized and directed to provide such support and assistance as may be necessary to facilitate the planning and administration of the Conference.

(b) In carrying out the provisions of this Act, the Administrator of the Small Business Administration—

(1) shall provide such assistance as may be necessary for the organization and conduct of conferences at the State and regional levels as authorized under section 2(b) of this Act; and

(2) is authorized to ~~make grants to, and~~ enter into contracts ~~with,~~ *with* public agencies, private organizations, and academic institutions to carry out the provisions of this Act.

(c) The Chief Counsel for Advocacy shall assist in carrying out the provisions of this Act by preparing and providing background materials for use by participants in the Conference, as well as by participants in State and regional conferences; and

(d) Each participant in the Conference shall be responsible for his or her expenses related to attending the Conference and shall not be reimbursed either from funds appropriated pursuant to this Act or the Small Business Act.

(e)(1) The President is authorized to appoint and compensate an executive director and such other directors and personnel for the Conference as he may deem advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) Upon request by the executive director, the heads of the executive and military departments are authorized to detail employees to work with the executive director in planning and administering the Conference without regard to the provisions of section 3341 of title 5, United States Code.

REPORTS REQUIRED

SEC. 6. Not more than six months from the date on which the National Conference is convened, a final report of

the Conference shall be submitted to the President and the Congress. The report shall include the findings and recommendations of the Conference as well as proposals for any legislative action necessary to implement the recommendations of the Conference. The final report of the Conference shall be available to the public.

FOLLOWUP ACTIONS

SEC. 7. The Small Business Administration shall report to the Congress annually during the three-year period following the submission of the final report of the Conference on the status and implementation of the findings and recommendations of the Conference.

AVAILABILITY OF FUNDS

SEC. 8. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, and they shall remain available until expended. New spending authority or authority to enter contracts as provided in this Act shall be effective only to such extent and in such amounts as are provided in advance in appropriation Acts.

(b) No funds appropriated to the Small Business Administration shall be made available to carry out the provisions of this Act other than funds appropriated specifically for the purpose of conducting the Conference. Any funds remaining unexpended at the termination of the Conference ~~shall be~~

~~made available to the Administrator of the Small Business Administration to carry out the provisions of section 20 of the Small Business Act.~~, *including submission of the report pursuant to section 6, shall be returned to the Treasury of the United States and credited as miscellaneous receipts.*

SEC. 9. This Act shall become effective October 1, 1984.